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TO: Sarah D. Lile, Director
Environmental Affairs

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: April 28, 2005

RE: 2005-2006 Budget Analysis

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2005-2006 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:cyb

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Roger Short, Budget Department Director
June Ellis, Budget Department Team Leader
Sean Werdlow, Chief Financial Officer-Mayor's Office
Kandia Milton, Mayor's Office

Environmental Affairs (22)

FY 2005-2006 Budget Analysis by the Fiscal Division

Summary

The Department of Environmental Affairs is a General Fund Agency. The recommended 2005-2006 budgeted appropriations total \$1,951,726 this represents a \$326,833 decrease or 16.7 % reduction, from the current fiscal year budget. In the Mayor's Recommended Budget this agency is being combined with portions of the Department of Public Works and Public Lighting Department into the new Municipal and Environmental Services Department.

The Department's revenues exceed their appropriations. The 2005-2006 proposed budget projects revenues of \$3,285,135, a decrease of \$157,318 or 4.6% reduction. The revenues exceed appropriations for this activity by \$1,333,409.

The Mayor's Proposed 2005-2006 Budget recommends a decrease of four positions of Environmental Control Inspectors, which would result in a workforce consisting of 22 city-funded positions.

2004-2005 Surplus/(Deficit)

The Budget Department's April 2005 Surplus / Deficit Estimates indicates that Environmental Affairs is expected to end fiscal year 2004-2005 with a net deficit of \$3,013,747, due to vacancies, and a shortfall in revenue for civil infractions.

Overtime

There is \$11,993 of budgeted salary overtime in the 2005-2006 proposed budget for Environmental Code Enforcement. The department spent \$8,640 on overtime as of March 31, 2005.

Personnel and Turnover Savings

No employee turnover savings have been identified for the Department of Environmental Affairs.

Following is information by appropriation comparing budgeted FY 2004-05 positions, March 31, 2005 filled positions and FY 2005-06 recommended positions.

<u>Appropriation/Program</u>	<u>Budgeted Positions FY 2004-05</u>	<u>Filled Positions 3/31/2005</u>	<u>Mayor's (a)</u>		<u>Mayor's Recommended Turnover</u>
			<u>Budget Positions FY 2005-06</u>	<u>Over/(Under) Actual to 04/05 Budget</u>	
Environmental Affairs (22):					
00935 Environmental Affairs	10	10	10	0	\$ -
10844 Environmental Code Enforcement	16	13	12	(3)	\$ -
TOTAL	26	23	22	(3)	\$ -

(a) As a division in the Municipal and Environmental Services Department

Changes in Goals and Major Initiatives

In addition to the previous goals and initiatives of the agency/division new initiatives must be started due to the designation of Southeast Michigan as a non-attainment area for ozone, PM 2.5 and NOX by the MDEQ and USEPA. This designation means that the city must take affirmative steps to reduce emissions within the time frame specified by the USEPA or face sanctions.

The agency/division also indicates the launching of its Solid Waste Monitoring Program, monitoring and inspection of solid waste facilities for proper licensing and management.

Environmental Affairs (22)

Budgeted Professional and Contractual Services by Activity	FY 2004-05 <u>Budget</u>	FY 2005-06 <u>Recommended</u>	Increase (Decrease)
Environmental Affairs	\$ 32,811	\$ 182,811	\$ 150,000
Environmental Code Enforcement	-	-	-
Total	<u>\$ 32,811</u>	<u>\$ 182,811</u>	<u>\$ 150,000</u>

Issues and Questions

1. Identify, explain and document the potential savings that result from the consolidation of Environmental Affairs with the Department of Works and the Public Lighting Department.
2. The department, or section of department if the consolidation is approved, is losing 4 positions. All of the positions removed are Environmental Control Inspectors that are at the working level. Explain why management level positions were not included in the reduction. Or why management positions cannot be removed as part of the consolidation of agencies. Please explain why even though the Environmental Affairs director's position is being eliminated, a DPW Deputy Director's position is being added.
3. According to the number of employees on the payroll versus the titles in the recommended budget, there is one less position than employees. However, the listing received from the Budget Department indicates four layoffs of Environmental Control Inspectors will be required. Have new vacancies taken place? Or will layoffs of inspectors still take place?
4. The surplus/deficit analysis, for at least the second year in row, indicates a very large, over \$3.0 million revenue shortfall. Explain why the proposed budget again includes over \$3 million in estimated revenues considering the poor revenue collections in the past, and the reduction of four working level positions.
5. Considering the amount of coordination work with the Economic Development Corporation, concentration on Brownfield Sites, Economic Enforcement Programs and grant awards from the Michigan Department of Environmental Quality and US

Environmental Protection Agency, wouldn't a better fit be with the Economic Development Department rather than DPW and PLD?

6. Does the department have performance measures in place to judge the progress and effectiveness of these various programs?
7. What is the \$150,000 increase in professional and contractual services intended for?
8. Which programs will be affected by the layoff or reduction in personnel?
9. Please define PM 2.5 and NOX, terms the agency/division included in their plans for the future.
10. Explain how the agency/division can take on the new initiatives, air quality and solid waste facility inspections with decreasing staff.
11. The department indicates a success in the awarding of grants for cleanup activities. Has the agency requested reimbursement of administrative or enforcement costs in grant applications? What in your estimation is the potential for reimbursement of these types of cost in future grant applications and wards?

IC:JGP